

MEADE SCHOOL DISTRICT NO. 46-1

AUDIT REPORT

JUNE 30, 2009

MEADE SCHOOL DISTRICT NO. 46-1
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board
Meade School District No. 46-1
Meade County, South Dakota

I have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Meade School District No. 46-1, Meade County, South Dakota, as of and for the fiscal year ended June 30, 2009 which collectively comprise Meade School District's financial statements, and have issued my report thereon dated November 4, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Meade School District's internal control over financial reporting a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. This is numbered 2009-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

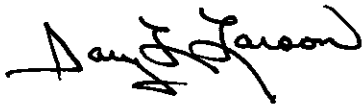
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is a material weakness. See finding number 2009-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meade School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Meade School District's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the School District's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the South Dakota Legislature, the governing board and management of Meade School District No. 32-2 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "David J. Larson". The signature is fluid and cursive, with the first name "David" and last name "Larson" clearly distinguishable.

November 4, 2009

Gary L. Larson, CPA

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

School Board
Meade School District No. 46-1
Meade County, South Dakota

Compliance:

I have audited the compliance of Meade School District No. 46-1, Meade County, South Dakota with types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. Meade School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Meade School District's management. My responsibility is to express an opinion on Meade School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meade School District's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Meade School District's compliance with those requirements.

In my opinion, Meade School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of Meade School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Meade School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the School District's internal control over compliance.


My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the School District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects that entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2009-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questions Costs, I consider item number 2009-02 to be a material weakness.

The Meade School District's response to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the School District's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, the governing board and management of Meade School District No. 46-1 and is not intended to be and should not be used by anyone other than those specified parties. However, as required by OMB Circular A-133 Section .320(a) and by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



November 4, 2009

Gary L. Larson, CPA

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INDEPENDENT AUDITOR'S REPORT

School Board
Meade School District No. 46-1
Meade County, South Dakota

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Meade School District No. 46-1, Meade County, South Dakota, as of June 30, 2009, and for the fiscal year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Meade School District's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Black Hills Special Services Cooperative, a joint venture whose financial information is included in the footnotes of these financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Black Hills Special Services Cooperative, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

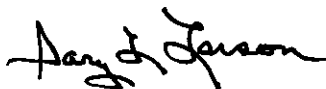
In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major

fund and the aggregate remaining fund information of the Meade School District No. 46-1 as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated November 4, 2009 on my consideration of Meade School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Meade School District No. 46-1 has not presented the Management's Discussion and Analysis (MD&A) and Budgetary Comparison Schedules for the General and Special Revenue Funds that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Meade School District No. 46-1 basic financial statements taken as a whole. The Schedule of Expenditures of Federal Awards which is required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



November 4, 2009

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$10,249,606	\$146,913	\$10,396,519
Investments	80,000	0	80,000
Taxes receivable	6,071,548	0	6,071,548
Other receivables	328,239	4,563	332,802
Inventories	11,334	26,382	37,716
Deferred charges	343,248	0	343,248
Capital Assets:			
Land	415,555	0	415,555
Other capital assets, net of depreciation	22,644,808	347,620	22,992,428
TOTAL ASSETS	\$40,144,338	\$525,478	\$40,669,816
LIABILITIES:			
Accounts payable	\$594,200	\$659	\$594,859
Other current liabilities	1,998,263	0	1,998,263
Deferred revenue	6,768,929	0	6,768,929
Noncurrent Liabilities:			
Due within one year	1,194,193	5,935	1,200,128
Due in more than one year	14,132,684	5,934	14,138,618
TOTAL LIABILITIES	24,688,269	12,528	24,700,797
NET ASSETS:			
Invested in capital assets, net of related debt	8,679,541	347,620	9,027,161
Restricted For:			0
Capital outlay	3,268,977	0	3,268,977
Special education	159,424	0	159,424
Pension	626,789	0	626,789
Food service	0	165,330	165,330
Unrestricted	2,721,338	0	2,721,338
TOTAL NET ASSETS	15,456,069	512,950	15,969,019
TOTAL LIABILITIES AND NET ASSETS	\$40,144,338	\$525,478	\$40,669,816

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	PROGRAM REVENUES	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$11,911,904	\$5,909	\$2,321,273
Support services	8,266,657	168,112	152,150
Community services	20,416	1,771	0
Nonprogrammed charges	332,031	0	0
Interest on long-term debt*	639,053	0	0
Cocurricular activities	735,336	78,047	0
Total Governmental Activities	21,905,397	253,839	2,473,423
Business-type Activities:			
Food service	1,105,483	635,381	427,630
TOTAL	\$23,010,880	\$889,220	\$2,901,053

* The District does not have interest expense related to the functions presented above. This amount represents indirect interest expense on general long-term debt.

GENERAL REVENUES:

Property taxes
Gross receipts tax
State aid
Revenue from federal sources
Unrestricted investment earnings
Other general revenues
TRANSFERS-IN (OUT)
Total general revenues and transfers

Change in net assets

Net Assets-beginning

NET ASSETS-ending

The accompanying notes to financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

Governmental Activities	Business-type Activities	Total
(\$9,584,722)	\$0	(\$9,584,722)
(7,946,395)	0	(7,946,395)
(18,645)	0	(18,645)
(332,031)	0	(332,031)
(639,053)	0	(639,053)
(657,289)	0	(657,289)
(19,178,135)	0	(19,178,135)
0	(42,472)	(42,472)
(19,178,135)	(42,472)	(19,220,607)
11,427,797	0	11,427,797
319,376	0	319,376
6,247,767	0	6,247,767
192,293	0	192,293
133,944	1,542	135,486
838,760	0	838,760
(284,711)	284,711	0
18,875,226	286,253	19,161,479
(302,909)	243,781	(59,128)
15,758,978	269,169	16,028,147
\$15,456,069	\$512,950	\$15,969,019

MEADE SCHOOL DISTRICT NO. 46-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS:			
Cash and cash equivalents	\$5,329,902	\$3,833,885	\$370,445
Investments	80,000	0	0
Taxes receivable-current	3,104,257	1,824,743	766,397
Taxes receivable-delinquent	114,822	51,190	23,642
Due from other governments	275,765	0	52,474
Inventory of supplies	11,334	0	0
TOTAL ASSETS	\$8,916,080	\$5,709,818	\$1,212,958
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$116,031	\$8,171	\$26,808
Contracts payable	1,140,959	0	207,007
Payroll deductions and withholding and employer matching payable	325,181	0	53,322
Deferred revenue	3,418,031	2,483,860	790,039
TOTAL LIABILITIES	5,000,202	2,492,031	1,077,176
Fund balances:			
Reserved:			
Reserved for inventory	11,334	0	0
Unreserved:			
Designated for '10 budget	361,975	0	0
Undesignated (deficit)	3,542,569	3,217,787	135,782
TOTAL FUND BALANCES	3,915,878	3,217,787	135,782
TOTAL LIABILITIES AND FUND BALANCES	\$8,916,080	\$5,709,818	\$1,212,958

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Bear Butte Elementary Construction Fund	Total Governmental Funds
\$706,945	\$8,429	\$10,249,606
0	0	80,000
182,500	0	5,877,897
3,997	0	193,651
0	0	328,239
0	0	11,334
<u>\$893,442</u>	<u>\$8,429</u>	<u>\$16,740,727</u>
\$0	\$443,190	\$594,200
0	0	1,347,966
0	0	378,503
270,650	0	6,962,580
<u>270,650</u>	<u>443,190</u>	<u>9,283,249</u>
0	0	11,334
0	0	361,975
622,792	(434,761)	7,084,169
<u>622,792</u>	<u>(434,761)</u>	<u>7,457,478</u>
<u>\$893,442</u>	<u>\$8,429</u>	<u>\$16,740,727</u>

MEADE SCHOOL DISTRICT NO. 46-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
ASSETS
JUNE 30, 2009

Total Fund Balances-Government Funds	\$7,457,478
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,060,363
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Assets such as taxes receivable (delinquent) are not available to pay for current expenditures and therefore are deferred in the funds.	193,651
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Long-term liabilities, including Qualified Zone Academy Bonds, capital outlay certificates payable, early retirement, accrued leave payable, and other post employment benefits payable are not due and payable in the current period and therefore are not reported in the funds.	(15,326,877)
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Assets such as deferred charges are not available to pay for current period expenditures and therefore are not recorded in the funds.	343,248
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Accrued interest payable is not recorded in the funds but is accrued for the statement of net assets.	<u>(271,794)</u>
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Net Assets-Governmental Funds	<u><u>\$15,456,069</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$5,697,013	\$3,720,147	\$1,442,258
Prior year's ad valorem taxes	107,657	50,142	21,362
Gross receipts taxes	319,376	0	0
Penalties and interest	29,649	11,751	5,011
Tuition:			
Summer School	5,609	0	300
Earnings on deposits:			
Interest earned	60,335	45,235	2,694
Cocurricular activities:			
Admissions	44,060	0	0
Other	33,987	0	0
Other revenues from local sources:			
Contributions	20,200		
Medicaid Fees	128,667	0	39,445
Daycare fees	1,771	0	0
Other	71,045	0	1,575
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	519,723	0	0
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	6,247,767	0	0
Restricted grants-in-aid	152,150	0	422,267
Revenues from Federal Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid received from federal government through state	123,454	0	0
Unrestricted grants-in-aid received from federal government through an intermediate source	68,839	0	0
Restricted grants-in-aid received from federal government through state	1,371,629	0	527,377
Total Revenue	<u>\$15,002,931</u>	<u>\$3,827,275</u>	<u>\$2,462,289</u>

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Bear Butte Elementary Construction Fund	Total Governmental Funds
\$289,021	\$0	\$11,148,439
5,002	0	184,163
0	0	319,376
1,186	0	47,597
0	0	5,909
7,421	18,259	133,944
0	0	44,060
0	0	33,987
0	0	168,112
0	0	1,771
0	0	72,620
0	0	519,723
0	0	6,247,767
0	0	574,417
0	0	123,454
0	0	68,839
0	0	1,899,006
\$302,630	\$18,259	\$21,613,384

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Outlay Fund	Special Education Fund
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$3,962,533	\$42,374	\$0
Middle school	1,737,231	16,159	0
High school	2,563,772	342,967	0
Special Programs:			
Programs for special education	0	0	2,107,381
Educationally deprived	508,290	0	0
Adult Continuing Education Program:			
Other adult programs	10,778	0	0
Support Services:			
Pupils-			
Attendance and social work	51,524	0	17,034
Guidance	440,681	0	0
Health service	77,815	0	56,491
Psychological	0	0	62,377
Speech	0	0	170,511
Instructional staff-			
Improvement of instruction	283,829	0	15,749
Educational media	377,233	82,466	0
General administration-			
Board of education	72,967	0	0
Executive administration	230,156	0	0
School administration-			
Office of principal	616,706	1,008	0
Other	123,042	0	0
Business-			
Fiscal services	192,617	2,156	0
Operation and maintenance of plant	2,316,017	788,583	0
Pupil transportation	682,946	32,339	0
Food service	0	0	0
Central:			
Planning	5,416	0	0

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Bear Butte Elementary Construction Fund	Total Governmental Funds
\$0	\$0	\$4,004,907
0	0	1,753,390
0	0	2,906,739
0	0	2,107,381
0	0	508,290
0	0	10,778
0	0	68,558
0	0	440,681
0	0	134,306
0	0	62,377
0	0	170,511
0	0	299,578
0	0	459,699
0	0	72,967
0	0	230,156
0	0	617,714
0	0	123,042
0	0	194,773
0	985,011	4,089,611
0	0	715,285
0	284,711	284,711
0	0	0
0	0	5,416

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Outlay Fund	Special Education Fund
Special Education:			
Administration costs	\$0	\$0	\$142,282
Transportation costs	0	0	27,666
Community Services:			
Custody and care of children	20,416	0	0
Non-programmed Charges:			
Early retirement payments	0	0	0
Debt Service	0	1,424,284	0
Cocurricular activities:			
Male activities	117,692	0	0
Female activities	76,610	0	0
Transportation	91,461	0	0
Combined activities	352,430	35,101	0
Capital outlay	0	36,372	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	14,912,162	2,803,809	2,599,491
	<hr/>	<hr/>	<hr/>
Excess of Revenues over(under)			
Expenditures	90,769	1,023,466	(137,202)
Other Financing Sources (Uses):			
Sale of surplus property	12,823	0	0
Transfers-in	0	0	0
Transfers-out	0	(1,419,661)	0
Compensation for loss of property	20,034	193,360	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	123,626	(202,835)	(137,202)
FUND BALANCE, JULY 1, 2008	<hr/>	<hr/>	<hr/>
	3,792,252	3,420,622	272,984
FUND BALANCE, JUNE 30, 2009	<hr/>	<hr/>	<hr/>
	\$3,915,878	\$3,217,787	\$135,782

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Bear Butte Elementary Construction Fund	Total Governmental Funds
\$0	\$0	\$142,282
0	0	27,666
0	0	20,416
332,031	0	332,031
0	0	1,424,284
0	0	117,692
0	0	76,610
0	0	91,461
0	0	387,531
0	3,643,278	3,679,650
332,031	4,913,000	25,560,493
(29,401)	(4,894,741)	(3,947,109)
0	0	12,823
0	1,419,661	1,419,661
0	0	(1,419,661)
0	0	213,394
(29,401)	(3,475,080)	(3,720,892)
652,193	3,040,319	11,178,370
\$622,792	(\$434,761)	\$7,457,478

MEADE SCHOOL DISTRICT NO. 46-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net Changes in Fund Balances-Total Governmental Funds (\$3,720,892)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds recognize revenue from property taxes
in the period for which the taxes are levied, subject to
being available (limited to a maximum 60 day "availability period"),
while for the governmental activities, revenue from property taxes
is recognized in the period for which the taxes were levied
regardless of availability. 47,598

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays exceeded depreciation in the current
period. 2,645,618

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets. 798,817

Government funds report deferred charges when cash is paid,
but the statement of activities includes it as an asset. (30,341)

Governmental funds do not reflect the change in accrued
leave, early retirement, or other post employment benefits but the
statement of activities reflects these changes through
expenditures. (60,464)

Some expenses such as accrued interest payable
reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as
expenditures in governmental funds. 16,755

Change in Net Assets of Governmental Activities (\$302,909)

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
BALANCE SHEET-PROPRIETARY FUNDS
JUNE 30, 2009

	ENTERPRISE FUNDS
	Food Service Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$146,913
Accounts receivable	4,563
Prepaid expenses	0
Inventory of supplies	8,923
Inventory of stores purchased for resale	8,877
Inventory of donated food	8,582
Total Current Assets	<u>177,858</u>
Noncurrent Assets:	
Capital Assets:	
Machinery and equipment	668,135
Accumulated depreciation	<u>(320,515)</u>
Total Noncurrent Assets	<u>347,620</u>
TOTAL ASSETS	<u><u>\$525,478</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$659
Deferred revenue	0
Current portion of accrued leave payable	<u>5,935</u>
Total Current Liabilities	<u>6,594</u>
Noncurrent Liabilities:	
Accrued leave payable	<u>5,934</u>
NET ASSETS:	
Invested in capital assets	347,620
Unrestricted net assets	<u>165,330</u>
Total Net Assets	<u>512,950</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$525,478</u></u>

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	ENTERPRISE FUNDS
	Food Service Fund
Operating Revenue:	
Sales:	
Regular meals	\$526,522
Ala Carte	108,859
Total Operating Revenue	<u>635,381</u>
Operating Expenses:	
Salaries	399,918
Employee benefits	118,007
Purchased services	22,603
Supplies	41,869
Cost of sales-purchased food	440,205
Cost of sales-donated food	44,435
Depreciation	38,446
Total Operating Expenses	<u>1,105,483</u>
Operating Income (Loss)	<u>(470,102)</u>
Nonoperating Revenue (Expense):	
Local Sources:	
Investment earnings	1,542
State Sources:	
Cash reimbursements	5,191
Federal Sources:	
Cash reimbursements	375,313
Donated food	47,126
Total Nonoperating Revenue	<u>429,172</u>
Income (Loss) before Contributions	<u>(40,930)</u>
Capital Contributions	284,711
Change in Net Assets	243,781
Net Assets-beginning	<u>269,169</u>
NET ASSETS-ending	<u><u>\$512,950</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	ENTERPRISE FUNDS
	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$623,071
Payments to suppliers	(504,095)
Payments to employees	(515,921)
	<hr/>
Net Cash Provided (Used) by Operating Activities	(396,945)
 Cash Flows from Noncapital Financing Activities:	
Operating subsidies	380,504
 Cash Flows from Investing Activities:	
Interest received	1,542
	<hr/>
Net (Decrease) in Cash and Cash Equivalents	<hr/> <hr/> (14,899)
 Cash and Cash Equivalents at Beginning of Year	161,812
 Cash and Cash Equivalents at End of Year	<hr/> 146,913
 Net (Decrease) in Cash and Cash Equivalents	<hr/> <hr/> (\$14,899)

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (loss)	(\$470,102)
-------------------------	-------------

Adjustments to Reconcile Operating Income to
Net Cash Provided (Used) by Operating Activities:

Depreciation expense	38,446
Commodities used	44,435

Changes in Assets and Liabilities:

Receivables	753
Prepaid expenses	516
Inventories	214
Accounts and other payables	(148)
Accrued leave payable	2,004
Deferred revenue	(13,063)

Net Cash Provided (Used) by Operating Activities	<u><u>(\$396,945)</u></u>
--	---------------------------

Noncash Investing, Capital and Financing Activities:

Value of commodities received	<u><u>\$47,126</u></u>
-------------------------------	------------------------

Equipment donated from Capital Outlay Fund	<u><u>\$284,711</u></u>
--	-------------------------

The accompanying notes to financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2009

	Private-purpose Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$74,047	\$222,103
Total Assets	<u>\$74,047</u>	<u>\$222,103</u>
LIABILITIES:		
Amounts held for others	\$0	\$222,103
NET ASSETS:		
Held in trust for scholarships	<u>74,047</u>	<u>0</u>
Total Liabilities and Net Assets	<u>\$74,047</u>	<u>\$222,103</u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR YEAR ENDED JUNE 30, 2009

	<u>Private-purpose Trust Funds</u>
ADDITIONS:	
Interest income	<u>1,076</u>
Total Additions	<u>1,076</u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>25,885</u>
Total Deductions	<u>25,885</u>
Change in Net Assets	(24,809)
Net Assets-beginning	<u>98,856</u>
NET ASSETS-ending	<u><u>\$74,047</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the school district conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Financial Reporting Entity:

The reporting entity of Meade School District No. 46-1 consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The school district participates in a cooperative service unit with eleven other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the district.

b. Basis of Presentation, Basis of Accounting:

Basis of Presentation:

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. These statements distinguish between the *governmental and business-type activities*.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental activities generally are financed through taxes, intergovernmental resources, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), an unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the financial reporting entity are described below within their respective fund types:

GOVERNMENTAL FUNDS:

GENERAL FUND - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

SPECIAL REVENUE FUND TYPES - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Outlay Fund - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. The fund is financed by property taxes. This is a major fund.

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of paying the District's share of retirement plan contributions and for paying early retirement benefits to qualifying employees. The fund is financed by property taxes. This is a major fund.

CAPITAL PROJECTS FUND TYPES:

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The Bear Butte Elementary Construction Fund is the only capital projects fund maintained by the School District. This is a major fund.

PROPRIETARY FUNDS:

Enterprise Funds - enterprise funds are used to accounted for operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

The business-type activities and proprietary funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

FIDUCIARY FUNDS:

Fiduciary funds are never considered to be major funds.

Private-purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The school district maintains only the following private-purpose trust funds:

Scholarship trusts (four separate trusts established by donors to provide for college scholarships to graduating students).

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations.

The district maintains agency funds for the following purposes:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Class clubs (such as FFA, Seniors, Juniors, student council)

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe 'how' transactions are recorded within the various financial statements. Basis of accounting refers to 'when' revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the 'current financial resources' measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the 'economic resources' measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests);

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Meade School District No. 46-1, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2009, are reimbursement grants due from the State of South Dakota.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principle and interest on general long-term debt which are recognized when due.

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimized the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund, so that expenses are reported only in the function to which they relate.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources".

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

Government-Wide Statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2009 balance of capital assets for governmental activities includes approximately ten percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals or deflated current replacement cost. The total June 30, 2009 balance of capital assets for business-type activities are all valued at original cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	ALL	-	-
Buildings	\$25,000	Straight-line	15-50 yrs
Improvements	\$10,000	Straight-line	15-25 yrs
Machinery and Equipment	\$ 5,000	Straight-line	4-20 yrs

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, early retirement benefits, capital outlay certificates payable and Qualified Zone Academy Bonds (QZAB's).

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, the debt proceeds are reported as revenues (other financing sources) and payment of principle and interest reported as expenditures when the become due. The accounting for proprietary fund long-term is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

All interest expense on long-term debt is reported as a separate line on the "Statement of Activities."

g. Program Revenues:

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for the acquisition of capital assets for use in a particular program.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

i. Cash and Cash Equivalents:

The school district pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted: or invested in capital assets, net of related debt.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

k. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - in General, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

No investments were held at June 30, 2009 nor during the year then ended:

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial risk.

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer.

State statute allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment.

3. RECEIVABLES AND PAYABLES:

Neither receivables nor accounts payable are aggregated in these financial statements. The District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been established. Other current liabilities include contracts and benefits payable of \$1,726,469 and accrued interest payable of \$271,794.

4. INVENTORY:

Inventory is stated at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The proprietary funds also record supplies as an expense when they are consumed.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

5. PROPERTY TAXES:

Property taxes are levied on or before each October 1, attached as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

6. CHANGES IN CAPITAL ASSETS:

A summary of the changes in capital assets for the year ended June 30, 2009 is as follows:

	Balance <u>7/01/08</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>6/30/09</u>
Government Activities:				
Capital Assets				
not being depreciated				
Land	\$ 415,555	\$ -	\$ -	\$ 415,555
Construction				
in progress	<u>7,586,757</u>	<u>-</u>	<u>\$7,586,757</u>	<u>-</u>
Total	<u>\$ 8,002,312</u>	<u>\$ -</u>	<u>\$7,586,757</u>	<u>\$ 415,555</u>
Capital Assets				
being depreciated				
Buildings	21,824,237	10,911,494	-	32,735,731
Improvements	927,195	318,541	81,126	1,164,610
Machinery and				
Equipment	<u>1,218,117</u>	<u>36,372</u>	<u>8,389</u>	<u>1,246,100</u>
Total	<u>23,969,549</u>	<u>11,266,407</u>	<u>89,515</u>	<u>35,146,441</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

6. CHANGES IN CAPITAL ASSETS (continued)

	<u>Balance</u> <u>7/01/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/09</u>
Less accumulated				
Depreciation:				
Buildings	\$10,582,930	\$ 831,933	\$ -	\$11,414,863
Improvements	334,022	134,230	81,126	387,126
Machinery and				
Equipment	<u>640,164</u>	<u>67,869</u>	<u>8,389</u>	<u>699,644</u>
Total	<u>11,557,116</u>	<u>1,034,032</u>	<u>89,515</u>	<u>12,501,633</u>
Total capital assets				
being depreciated,				
net:	<u>12,412,433</u>	<u>10,232,375</u>	<u>-</u>	<u>22,644,808</u>
Governmental activity				
capital assets,				
net:	<u>\$20,414,745</u>	<u>\$10,232,375</u>	<u>\$7,586,757</u>	<u>\$23,060,363</u>
Business-type Activities:				
Equipment	\$ 464,091	\$ 284,711	\$ 80,667	\$ 668,135
Accumulated				
Depreciation	<u>(362,736)</u>	<u>(38,446)</u>	<u>(80,667)</u>	<u>\$ (320,515)</u>
Net	<u>\$ 101,355</u>	<u>\$ 246,265</u>	<u>\$ -</u>	<u>\$ 347,620</u>

Depreciation expense was changed to functions as follows:

Governmental activities:	
Instruction	\$ 620,419
Support Services	351,571
Cocurricular Activities	<u>62,042</u>
	<u>\$1,034,032</u>
Business-type activities:	
Food service	<u>\$ 38,446</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities follows:

Governmental Activities:

	<u>Capital Outlay Certifi- cates</u>	<u>Early Retire- ment</u>	<u>Compen- sated Absences</u>	<u>QZAB</u>	<u>OPEB</u>	<u>Totals</u>
Liabilities payable, June 30, 2008:						
	\$15,000,000	\$502,278	\$383,313	\$179,639	\$ -	\$16,065,230
Additions	-	332,031	171,280	-	263,792	767,103
Deletions	<u>(785,000)</u>	<u>(514,972)</u>	<u>(191,667)</u>	<u>(13,817)</u>	<u>-</u>	<u>(1,505,456)</u>

Debt payable June 30, 2009:

<u>\$14,215,000</u>	<u>\$319,337</u>	<u>\$362,926</u>	<u>\$165,822</u>	<u>\$ 263,792</u>	<u>\$15,326,877</u>
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Due within one year:

<u>\$ 820,000</u>	<u>\$178,911</u>	<u>\$181,463</u>	<u>\$ 13,819</u>	<u>\$ -</u>	<u>\$ 1,194,193</u>
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Business-type Activities:

Balance, June 30, 2008

\$ -	\$ -	\$ 9,865	\$ -	\$ -	\$ 9,865
Additions	-	-	6,904	-	4,752
Deletions	<u>-</u>	<u>-</u>	<u>(4,900)</u>	<u>-</u>	<u>(4,900)</u>

Balance, June 30, 2009

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,869</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 11,869</u>
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Due within one year

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,935</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 5,935</u>
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MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. LONG-TERM LIABILITIES: (continued)

During fiscal year 2005, the School District issued Capital Outlay Refunding Certificates to refund the 1999 issue that has \$5,975,000 still outstanding as of June 30, 2005.

The entire proceeds of the refunding issue were deposited into an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded issue. As a result, the refunded issue is considered to be defeased and the liability for that issue was removed from the financial statements of the School District. During fiscal 2009, the refunded bonds were called and paid with funds from the escrow account.

Debt payable at June 30, 2009 comprised of the following:

Payable from Governmental Activities:

Series 2005 Refunding Certificates, interest rates of 3.0% to 4.2% (depending on length to maturity of the individual certificate), maturing January 15, 2019, to be repaid by the Capital Outlay Fund	\$6,060,000
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Series 2007A Capital Outlay Certificates, interest rates of 4.0% to 4.4% (depending on length to maturity of the individual certificate), maturing 01/15/2028. These are to be repaid by the Capital Outlay Fund	8,155,000
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Qualified Zone Academy Bonds (QZAB's): Zero interest "Qualified Zone Academy Bonds". Interest is not imputed because this is the customary cash lending procedure of the financial institution for this type bonds. The bonds are due in annual payments of \$13,819 until 2021. The payments will be made from the Capital Outlay Fund.	165,822
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MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. LONG-TERM LIABILITIES: (continued)

Early Retirement:

Early Retirement Incentive is payable to thirty-four retired teachers, final payment is due in 2016.

No interest is paid on this liability. Payment is made from the General Fund or Pension Fund. \$ 319,337

Compensated Absences:

Vacation and sick leave, payable from either the General or Special Education Fund 362,926

Other Post Employment Benefits (see Note 13) 263,792

Total payable from Governmental Activities \$15,326,877

Payable from Business-type Activities:

Vacation and sick leave payable \$ 11,869

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2009 are as follows:

Annual Requirements to Maturity for Long-term Debt
June 30, 2009

Year Ended June 30,	Capital Outlay Certificates		Early Retirement	QZAB's	Total	
	Principal	Interest	Principal	Principal	Principal	Interest
2010	\$ 820,000	\$ 588,612	\$ 178,911	\$ 13,819	\$1,012,730	\$ 588,612
2011	860,000	555,612	83,295	13,819	957,114	555,612
2012	890,000	520,913	28,984	13,819	932,803	520,913
2013	925,000	483,675	12,129	13,819	950,948	483,675
2014	965,000	443,375	10,291	13,819	989,110	443,375
2015-						
2019	5,085,000	1,584,069	5,727	69,095	5,159,822	1,584,069
2020-						
2024	2,375,000	761,695	-	27,632	2,402,632	761,695
2025-						
2029	<u>2,295,000</u>	<u>206,725</u>	<u>-</u>	<u>-</u>	<u>2,295,000</u>	<u>206,725</u>
Total	<u>\$14,215,000</u>	<u>\$5,144,676</u>	<u>\$319,337</u>	<u>\$165,822</u>	<u>\$14,700,159</u>	<u>\$5,144,676</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

8. RESTRICTED NET ASSETS

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$3,268,977
Special Education	Law	159,424
Pension	Law	626,789
Food Service	Federal Regulations	<u>165,330</u>
Total Restricted Net Assets:		<u>\$4,220,520</u>

9. RETIREMENT PLAN

All employees, working more than twenty hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, and multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Meade, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also required the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

9. RETIREMENT PLAN

the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$660,094, \$661,181, and \$654,615 respectively, equal to the required contributions each year.

10. JOINT VENTURES

The school district participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to the member school districts. The members of the co-op and their relative percentage of participation are:

Belle Fourche School District	8.33%
Custer School District	8.33%
Douglas School District	8.33%
Edgemont School District	8.33%
Haakon School District	8.33%
Hill City School District	8.33%
Hot Springs School District	8.33%
Lead/Deadwood School District	8.33%
Meade School District	8.33%
Oelrichs School District	8.33%
Rapid City Springs School District	8.33%
Spearfish School District	8.33%
	<u>100.00%</u>

The co-op's governing board is composed of one representative from each member school district who is a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. JOINT VENTURES (continued)

Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative, Sturgis, South Dakota.

As of June 30, 2009, this joint venture had a total fund equity of \$2,932,289 and long-term debt of \$920,233.

11. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the school district managed its risks as follows:

Employee Health Insurance:

The school district joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

The school district does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the coverage during the past three years.

Unemployment Benefits:

The School has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School has equity in the General Fund in the amount of \$116,680 for the payment of future unemployment benefits.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

11. RISK MANAGEMENT (continued)

During the year ended June 30, 2009, no claims were paid for unemployment benefits. At June 30, 2009, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

Liability:

The school district joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their expose or type of coverage. The school district pays an annual premium to the pool to provide coverage for liability coverage for torts, theft of, or damage to property and errors and omissions of public officials. The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$6,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$2,000 deductible for the above coverage.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

11. RISK MANAGEMENT (continued)

Worker's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensations Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District is responsible for payment of a premium to the insurance pool along with other pool participants. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. For the year ended June 30, 2009, the pool's retained risk was \$500,000 per occurrence with additional insurance purchased from a private insurance company for an additional \$500,000 for total coverage of \$1,000,000 per occurrence.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. EARLY RETIREMENT PLAN:

Following is a description of the Early Retirement Plan:

Any teacher who has completed ten years of service in Meade 46-1, and has attained or will attain at least the age of 55 as of December 31 of the year of retirement, may receive an early retirement benefit upon permanent severance of employment with the district. The benefit shall consist of the sum of the following:

- a. Thirty-five percent (35%) of the average of the teacher's highest three (3) contracted salaries, exclusive of extra duty pay, shall be paid in thirty six (36) equal monthly installments beginning in the July that follows retirement.
- b. A lump sum payment of (35%) of the average of the teacher's highest three (3) contracted salaries, exclusive of any duty pay. The teacher may elect to receive this sum in one payment on July 1 of the year of retirement or one-third on each subsequent July 1 until paid in full.
- c. The maximum allowable benefit as defined in a and b of section shall not exceed \$30,000.

The termination benefit liability reported as \$319,337 (see Note 7) is measured at the actual dollar amount of contracted future benefits. The assumptions used to determine this amount is that the exact amount agreed upon between the retiring employee and the School District is the amount which will be paid.

13. OTHER POST EMPLOYMENT BENEFITS:

Plan Description:

The Meade School District's (the District) Post-employment Health Care Plan is a single-employer defined benefit healthcare plan which provides medical benefits to eligible retirees and their spouses. The Plan is authorized by SDCL 6-1-16 and is administered by the District. The Plan does not issue a stand-alone financial report.

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

13. OTHER POST EMPLOYMENT BENEFITS (continued):

Funding Policy:

The contributions of plan members and the District are established by District policy. The required contribution is based on projected "pay-as-you-go" financing requirements, with an additional amount to pre-fund benefits as determined annually by the District. For 2009, the required contribution to the Plan was \$263,792. Since no contribution was made in fiscal 2009 the District accrued a liability of \$263,792, as of June 30, 2009.

Annual OPEB cost and Net OPEB Obligation:

The District's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability over a period not to exceed thirty years.

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan.

Annual required contribution	\$263,792
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	263,792
Contribution made	<u>-</u>
Increase in net OPEB obligation	263.792
Net OPEB Obligation, Beginning of year	<u>-</u>
Net OPEB Obligation, End of year	<u>\$263,792</u>

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

13. OTHER POST EMPLOYMENT BENEFITS (continued):

The District's annual OPEB cost is \$263,792 for fiscal 2009, of which the pay-as-you-go cost was 43.9% or \$115,774.

Funded Status:

The Plan is on a "pay-as-you-go" basis, therefore it is not funded as of June 30, 2009.

Actuarial Assumptions:

The June 30, 2009 actuarial valuation was compiled using the "unit credit" actuarial cost method. The assumptions included a 4% rate of return (net of administrative expenses) and an annual health-care cost trend of 9.3% initially, grading to 4.7% over 13 years. The amortization period of the unfunded liability is 30 years.

The following table shows the District's status and funding progress of the plan:

Status and Funding Progress	Valuation Date June 30, 2009
Actuarial Accrued Liability	\$1,909,893
Actuarial Value of Plan Assets	-
Actuarial Accrued Liability ((AAL)	1,909,893
Ratio	0.0%
Payroll (active plan members)	\$2,883,402
Percentage of Covered Payroll	66.2%

14. INDIVIDUAL FUND INTERFUND TRANSFER:

Transfer for fiscal 2009 were as follows:

	<u>In</u>	<u>Out</u>
Capital Project Funds:		
Bear Butte Elementary	\$1,419,661	\$ -

MEADE SCHOOL DISTRICT NO. 46-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

14. INDIVIDUAL FUND INTERFUND TRANSFER (continued):

Special Revenue Funds:

Capital Outlay Fund	<u> </u>	<u>1,419,661</u>
	<u>\$1,419,661</u>	<u>\$1,419,661</u>

The reason for the fiscal 2009 transfer was to fund the construction of improvements to Bear Butte Elementary School.

The Bear Butte Elementary fund also contributed \$284,711 of equipment to the Food Service Fund in fiscal 2009.

MEADE SCHOOL DISTRICT NO. 46-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Pass-through the S. D. Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program			
(Notes 2 & 3)	10.553	460010	\$66,356
National School Lunch Program			
(Notes 2 & 3)	10.555	460010	352,834
Special Milk Program for Children			
(Notes 2 & 3)	10.556	460010	558
Pass-through Meade County:			
Schools and Roads - Grants to			
States (National Forest)	10.665	N/A	68,838
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>488,586</u>
U. S. DEPARTMENT OF DEFENSE:			
Direct Federal Funding:			
SF 1034 MCJ ROTC	12.---	N/A	40,247
U. S. DEPARTMENT OF THE INTERIOR:			
Pass-through the S. D. Department of Education:			
Distribution of receipts to State and			
Local Governments (Note 1)	15.227	N/A	123,454
TOTAL U. S. DEPARTMENT OF INTERIOR			<u>123,454</u>
U. S. DEPARTMENT OF LABOR:			
Bureau of Justice Assistance:			
Pass-through the Black Hills Special Services Coop:			
Workforce Investment Act (WIA)			
Youth Activities	17.259	N/A	47,358
GENERAL SERVICES ADMINISTRATION:			
Pass-through the S.D. Federal Property Agency:			
Donation of Federal Surplus Property (Note 4)	39.003		191

MEADE SCHOOL DISTRICT NO. 46-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Pass-through the S. D. Department of Education:			
Title I Grants to Local			
Education Agencies (Note 3)	84.010	TI-09-101	\$534,722
Vocational Education - Basic			
Grants to States	84.048	N/A	30,652
Special Education-			
Grants for Infants and Families with Disabilities	84.181	N/A	2,709
Safe and Drug Free Schools And Communities-			
State Grants	84.186	T4-09-101	16,032
Education Technology - State Grants	84.318	N/A	9,086
Improving Teacher Quality State Grants	84.367	T2A-09-101	274,961
ARRA - State Fiscal			
Stabilization Funds (Note 3)	84.394	N/A	415,663
Special Education Cluster:			
Special Education - Grants to States			
(Notes 1 & 3)	84.027	N/A	507,260
Special Education - Preschool Grants:			
(Notes 1 & 3)	84.173	N/A	17,408
TOTAL U. S. DEPARTMENT OF EDUCATION			<u><u>1,808,493</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through the S.D. Department of Education:			
Cooperative Agreements to Support Comprehensive School			
Health Programs to Prevent the Spread of HIV and Other			
Important Health Programs	93.938	N/A	<u>500</u>
GRAND TOTAL			<u><u>\$2,508,829</u></u>

MEADE SCHOOL DISTRICT NO. 46-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

- NOTE 1: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.
- NOTE 2: These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursements for specific expenditures.
- NOTE 3: This grant was treated as a major program.
- NOTE 4: This amount represents 23.3% of the original acquisition cost of the federal surplus property received by the District, not what the District paid for the items.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. A significant deficiency and material weakness was disclosed by the audit and is reported in Section 2, Finding Number 2009-01.
- c. No instances of noncompliance were noted by the audit.
- d. A significant deficiency and material weakness in internal control over major programs was noted. It is reported below in Section 3, Finding Number 2009-02.
- e. An unqualified report was issued on compliance for major programs.
- f. Audit findings required to be reported under Section .510 (a) of OMB Circular A-133 are listed below as Findings Number 2009-01 and 2009-02.
- g. Programs treated as major programs for this audit were:

<u>Name</u>	<u>CFDA Number</u>
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Title I Programs - Local	
Education Agencies	84.010
Special Education Cluster:	
Special Education - State Grants	84.027
Special Education - Preschool Grants	84.173
ARRA - State Fiscal Stabilization Funds	84.394

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The entity was not qualified as a low risk auditee as described in Section .530 of OMB Circular A-133.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NUMBER 2009-02

A material weakness in internal control over federal programs exists due to a lack of segregation of duties. See Finding Number 2009-01 above for further explanation.

Major Federal Programs affected: See 1g above. All programs treated as majors were affected.

Compliance requirements affected: Allowable costs/cost principles.

POSSIBLE ASSERTED EFFECT: Inaccurate financial statements and/or misappropriation of funds could result from a lack of segregation of duties.

RECOMMENDATION: Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

SCHOOL DISTRICT RESPONSE AND CORRECTIVE ACTION PLAN: The School Board and Superintendent agree with this finding and are responsible for the corrective action plan. This comment is a result of the size of the Meade School District No 46-1 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Meade School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenue, expenditures and payroll. Meade School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the revenues, expenditures and payroll continues to exist.

MEADE SCHOOL DISTRICT No. 46-1
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Prior Audit Findings relative to Financial Statement Audit:

FINDING NO. 2007-01 and 2008-01

A material weakness was reported due to a lack of segregation of duties. This finding was first noted by the present auditor in 1992.

Status as of June 30, 2009:

The condition noted in prior audits is still applicable.

Prior Audit Findings relative to Federal Awards:

FINDING NO. 2007-02 and 2008-02

A material weakness was reported due to a lack of segregation of duties. This finding was first noted by the present auditor in 1992.

Status as of June 30, 2009: The condition noted in prior audits is still applicable.